



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JAY B. RISING
STATE TREASURER

November 30, 2004

Dear Sir or Madam:

The Michigan Department of Treasury recognizes the difficulties faced by retailers and wholesalers due to Internet sales and smuggling of untaxed cigarettes. In an effort to fight smuggling and Internet sales, which decrease wholesalers' and retailers' profits, Treasury took the lead in becoming the first state to require electronic filing of tobacco tax returns for our licensees, with a long-term goal of uniformity within the tobacco industry. Benefits of the electronic filing system include the reduction in paper, unlimited customer access, and the reduction of manpower hours needed to complete the monthly returns. Another advantage is the potential for fraud identification and increased legitimate sales, as Treasury can more quickly identify those who are purchasing tobacco products in violation of the Tobacco Products Tax Act.

Treasury appreciates the input received regarding this transition process. To accommodate all tobacco tax filers and ensure compliance, Treasury is extending the required electronic filing implementation date of January 2005 to the April 2005 return, which is not due until **May 20, 2005**. Treasury hopes this will be adequate time to make the system changes to provide the data in the common format which has been requested.

To ensure a smooth transition to the automated system, Treasury will host seminars during February and March in the Upper Peninsula, Gaylord, Grand Rapids and the Detroit area to accommodate our licensees. The seminars will give all licensees the opportunity to view the web screens and forms. Training will be offered in morning sessions from 9 a.m. to noon and in afternoon sessions from 1:30 p.m. to 4:30 p.m. Reservation forms will be sent to you soon and will give more detailed information about the seminars.

More in depth web based training (Webinars) will be held in April that will walk you through each screen on line. The web site, www.michigan.gov/tobaccotaxes, will continue to be updated to provide the latest information.

Treasury will continue to work closely with any licensee who requests assistance in implementing electronic filing. Please contact Barbara Thelen, Supervisor of the Tobacco Taxes Unit, at (517) 636-4630 if you have questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen R. Hilker".

Stephen R. Hilker, Director
Customer Service Bureau